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Message Text

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61
ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 AF-10 ARA-16 EA-11 NEA-10 DRC-01 /241 W
---------- 116293
R 301431Z APR 74
FM USMISSION GENEVA
TO SECSTATE WASHDC 5459
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LISBON
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AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
USMISSION EC BRUSSELS

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E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: GATT ART. XXII:1 CONSULTATIONS ON RULES OF
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ORIGIN, APRIL 29

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BEGIN SUMMARY: AT OPENING OF XXII:1 CONSULTATIONS ON EFTA AND EC/EFTA RULES OF ORIGIN (R/O) US NOTED INADEQUACY OF PREVIOUS GATT CONSIDERATION THIS ISSUE, DISTRIBUTED A PAPER COMPARING PRESENT RULES WITH ORIGINAL EFTA RULES AND PROPOSED A SCENARIO FOR FIRST TWO OF SERIES OF SUBSTANTIVE MEETINGS. EC AND EFTA COUNTRIES AGREED TO COOPERATE WITH EXAMINATION IN FOLLOW-ON MEETINGS BUT RESISTED COMPARISON OF PRESENT RULES WITH ORIGINAL EFTA RULES AND WANTED TIME TO CONSIDER SEVERAL OTHER SPECIFIC SUGGESTIONS. END SUMMARY

1. GATT ARTICLE XXII:1 CONSULTATIONS ON EC/EFTA AND EFTA RULES OF ORIGIN INITIATED WITH ORGANIZATIONAL MEETING APRIL 29. US REP (MATTHEISEN) MADE OFLLOWING POINTS IN OPENING STATEMENT.

(A) US REQUESTED CONSULTATIONS BECAUSE PREVIOUS GATT WPS ON INDIVIDUAL EC/EFTA AGREEMENTS DID NOT ADEQUATELY EXAMINE R/O QUESTION, PARTICULARLY IN RELATION TO POTEN-TAIL FOR TRADE DEFLECTION PRODUCED BY TARIFF DIFFERENTIALS. WPS ALSO DID NOT EXAMINE NEW EFTA R/OS AT ALL.

(B) US REP DISTRIBUTED PAPER WHICH COMPARES ORIGINAL EFTA R/O WITH NEW EFTA AND EC/EFTA R/OS AND WHICH CON-CLUDES LATTER ARE SUBSTANTIALLY MORE RESTRICTIVE. HE SUGGESTED PARTIES REVIEW PAPER AND COMMENT IN WRITING SO THAT SUBSTANTIVE MEETING COULD BE HELD ON THIS ISSUE IN LATE JUNE OR EARLY JULY.

(C) US REP PROPOSED SECOND SUBSTANTIVE MEETING EARLY FALL TO CONSIDER EFFECTS OF R/OS ON THIRD-COUNTRY TRADE AND SAID US WOULD SUBMIT PAPER CONTAINING BOTH DISCUSSION OF GENERAL ISSUES AND ILLUSTRATIVE CASES OF INJURY TO US TRADE.

(D) FINALLY US REP SAID ARRANGEMENTS COULD BE MADE LATER FOR DISCUSSION OTHER TOPICS BUT PROPOSED, IN PREPARATION FOR SUBSEQUENT DISCUSSION, GATT SECRETARIAT PREPARE PAPER ON NEGOTIATING HISTORY OF GATT FREE TRADE AREA PROVISIONS WITH PARTICULAR REFERENCE TO R/OS.

2. CANADA WEISER), KOREA AND POLAND SUPPORTED US PROPOSALS AND PROMISED SUBMIT EXAMPLES OF OWN TRADE
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INJURY FROM R/O. JAPAN (ONO) SAID THEIR FIRMS AFFECTED BY R/O, THAT JAPAN ALSO HAS SUBSTANTIAL TRADE INTEREST AT STAKE PARTICULARLY WITH RESPECT JAPANESE FIRMS PRODUCING IN EUROPE, AND THAT JAPAN WILL SUBMIT PAPER "IF WE THINK NECESSARY AND APPROPRIATE." ROMANIA, APPEARING UNEXPECTEDLY AS "OBSERVER," SAID THEY CONCERNED AND AFFECTED BY R/O.

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3. IN THEIR STATEMENT, EC (LUYTEN) AND PRINCIPAL EFTA
SPOKESMAN (COLLIANDER, SWEDEN) NOTED THEIR WILLINGNESS
CONSULT UNDER ARTICLE XXII DOES NOT INDICATE ACCEPTANCE
US LEGAL ARGUMENT. EFTA SPOKESMAN FIRST AGREED TO US
PORPOSALS FOR TWO SUBSTANTIVE MEETINGS AND AGREED RESPOND
IN WRITING TO US PAPER. EC (LUYTEN) ALSO SEEMED AGREE.
IN SEPARATE INTERVENTION SWISS REP (DUNKEL) SAID
CURRENTLY EXISTING EC/EFTA AND EFTA R/O WERE ONLY
SUBJECT AT HAND AND THEY COULD NOT AGREE TO COMPARISON
WITH PREVIOUS EFTA RULES SINCE THESE NO LONGER EXIST.
EC AGREED. BOTH SWISS AND EC RETREATED SOMEWHAT FROM
THIS POSITION WHEN US ASKED WHETHER US COULD FEEL FREE
TO RAISE TARIFFS ON IMPORTS FROM SWITZERLAND AND REFUSE
DISCUSS PREVIOUS RATES OR FACT OF CHANGE. CANADA
SUPPORTED CALL FOR COMPARISON. WHILE EC AND EFTA
COUNTRIES CONTINUED RESIST COMPARISON THEY AGREED CON-
SIDER US PAPER, SUPPLY RELEVANT INFORMATION, AND HOLD
TWO SUBSTANTIVE MEETINGS AT ABOUT TIME PROPOSED WITH
PRECISE DATES TO BE FIXED LATER. AT CONCLUSION OF THIS
DISCUSSION LUYTEN AND COLLIANDER RESTATED THEIR COMMIT-
MENT TO EXAMINE THE US PAPER. BUT THEY DID NOT RESTATE
COMMITMENT TO REPLY IN WRITING OR TO PERMIT US PAPER
BE SOLE BASIS FOR DISCUSSION IN FIRST SUBSTANTIVE MEETING.

4. EC AND EFTA COUNTRIES WANTED TIME TO CONSIDER WHETHER
GATT SECRETARIAT SHOULD PREPARE PAPER ON NEGOTIATING
HISTORY ARTICLE XXIV. PROMISED RESPOND AT NEXT MEETING.

5. KOREA ASKED GATT SECRETARIAT BE PRESENT AT SUBSEQUENT
MEETINGS. US SUPPORTED. EC AND EFTA COUNTRIES RESISTED
BUT AGREED TO CONSIDER MATTER AND RESPOND LATER.

6. EC AND EFTA COUNTRIES PROPOSED THAT EC/EFTA AND EFTA
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R/O BE CONSIDERED SIMULTANEOUSLY RATHER THAN IN SEPARATE
GROUP MEETINGS AS US ORIGINALLY PROPOSED. US
AGREED BUT RESERVED RIGHT TO REQUEST MEETINGS OF
SEPARATE GROUPS AT ANY TIME IF THIS SHOULD SEEM
APPROPRIATE.

7. COMMENT: SWISS INTERVENTION WAS ONLY JARRING NOTE
IN OTHERWISE TROUBLE- FREE MEETING. SWISS REP
IN COMMENTS TO US REP AFTER MEETING SAID HE WAS SURE
US WOULD GET COOPERATION AND ALL DATA AND INFORMATION
REQUESTED BUT THAT HE HAD TO MAKE CERTAIN POINTS IN
FORMAL MEETING. DALE

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